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THE MARKING OF PATENTED ARTICLES

As a prerequisite to the recovery of damages or pecuniary award for infringement of a patent, the owner of a patent is required by statute either to mark the patented article or its container or label with the word "patented" together with the date of the patent, or in the event of failing so to mark, to notify the infringer of his infringement. Either method is considered under the law to be a notice to the infringer, or the equivalent thereof, the marking being a constructive notice to all the world (including infringers) of the rights of the owner under the patent, and direct notification with claim of infringement bringing the matter unequivocally home to the wrongdoer.

The text of the law is contained in U. S. Revised Statutes, Section 4900,¹ which is as follows:

"It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patented', together with the day and year the patent was granted; or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented."

In legal effect, this Section applies both to actions at law and actions in equity for infringement of a patent, and specifically concerns the recovery of so-called damages. While, however, there is no difficulty in applying the language of the statute to actions at law so far as concerns the meaning of the word "damages", difficulty has been experienced by the courts in actions in equity in determining whether or not this word is to be interpreted to include all the pecuniary recovery there possible to be obtained, that is, both defendant's profits and plain-

¹ U. S. Comp. Stat. (1916) § 9446.

tiff's damages; or is to be given a strict technical meaning and to be construed as meaning only such damages which could be recovered in a law action.

This quandary grows out of Section 4921 of the U. S. Revised Statutes² which is peculiar to the patent law and permits a plaintiff in an equity cause brought for infringement of patent to recover either the defendant's profits derived from the infringement or the plaintiff's damages by it sustained.

If, therefore, the plaintiff of a bill in equity is required to mark or give notice under the statute as a condition precedent only for the recovery of technical damages, he may proceed against a defendant to recover defendant's profits without being subject to the provisions of the statute. Little or no light is thrown on the situation by Section 4919 of the U. S. Revised Statutes³ relating solely to actions at law, except that it is to be noted that this Section emphasizes the recovery of "actual damages sustained", thereby indicating technical damages, while Section 4900 refers merely to damages to be recovered, which by fair inference in equity causes would appear to mean any money award including defendant's profits.

In any event, however, it is obvious that in the practical situation which presents itself, all these Sections appear to have more or less influence upon each other and upon the meaning to be given to their terms. One of the federal district courts goes so far as to hold that they must be construed together, and that the word "damages" must be defined to mean technical damages in every instance where it appears.⁴ This is a harsh rule, and to adopt it would violate the spirit and purpose of the law, which is to protect innocent infringers and those ignorant of the existence of the patent from being harassed by the owner of a patent who has not given notice of infringement by marking or actual notice as provided by the statute. If the owner of a patent owes no duty to notify an infringer in order to recover profits, but must notify in order to obtain technical damages, it is difficult to con-

² Sec. 4921 [U. S. Comp. Stat. (1916) § 9467]: "The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby; and the court shall assess the same or cause the same to be assessed under its direction."

³ Sec. 4919 [U. S. Comp. Stat. (1916) § 9464]: "Damages for the infringement of any patent may be recovered by action on the case, in the name of the party interested, either as patentee, assignee, or grantee. And whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs."

⁴ *Churchward International S. Co. v. Bethlehem S. Co.* (D. C. 1919) 262 Fed. 438.

ceive how an innocent or ignorant infringer would receive much benefit thereby. Logically, the better rule of construction would appear to require Section 4900 to be read with Section 4921 as regards equity causes and Section 4900 to be read with Section 4919 with reference to actions at law. Furthermore, it should be recognized that Section 4900 is remedial and not penal, and that there should be applied the fundamental rule of construction which requires the court so to interpret the statute as to repress the evil and apply the remedy. The evil at which this section is aimed is the mulcting of innocent infringers or infringers unaware of the existence of the patent and the insistence of the patentee upon his rights, and the remedy is the refusal of money recovery where the patentee has not marked or labelled his goods or given notice.

It has been recognized that to make a distinction between profits and damages so far as Section 4900 is concerned would be against its spirit and purpose. Thus Judge Mack in *American Caramel Co. v. White*⁵ states:

"A patentee may fully protect himself against infringements by properly marking his own goods. If he fail so to do, the statute specifically provides that he shall recover no damages except only in the one event that the infringer be duly notified of the infringement and thereafter continue in his wrongdoing. To permit a patentee to disregard the specific duty imposed upon him by the statute of properly marking the patented articles and to continue for years in the violation of his duty and then to award him profits and damages for a period of six years preceding suit because one, who perchance may have been ignorant of his infringement, continues to infringe even in a single instance after the notice, would be, in our judgment, a complete perversion both of the letter and spirit of the statute."

Prior to July 8, 1870, the date of the enactment of the original text of Section 4900, a plaintiff in an action for infringement of patent in equity could recover of the defendant only the profits the latter had made, while on the law side of the court the plaintiff was only able to recover his damages. An illustrative case is *Putnam v. Sudhoff*,⁶ in which it appeared that the patentee had failed to mark its patented wire fasteners, but that the defendants had been duly notified of the claim of infringement through an application for a preliminary injunction, at which time the court had ordered an account to be kept by the defendants. The court accordingly held that no profits could be recovered except those subsequent to the date of said order. In discussing the facts the court seemed to have no difficulty in considering profits as meaning damages. The quandary of the court appeared to be as to whether or not the word damages could be extended to include damages technically considered or included profits only. This case, which was decided in April, 1874, or shortly after the enactment of the

⁵ (C. C. A. 1916) 234 Fed. 328, 333.

⁶ (D. C. 1874) Bann. & Ard. 198, Fed. Cas. No. 11,483.

Act of July 8, 1870, of which the language of Section 4900 forms a part, is of importance in indicating the change in the practice and the views of the court at such time as to the meaning of the word damages.

In view of the existing situation at the time of the passage of the Act of July 8, 1870, it would seem fair to assume that Congress, so far as the language of Section 4900 is concerned, was not using the word damages in a narrow technical sense, but meant to include in the meaning of said damages any pecuniary payment which might be recovered by the plaintiff. It is inconceivable that the national legislature should have intended, particularly in view of the prior history of patent litigation, that a plaintiff could recover profits where he could not recover damages in the technical sense under the language of this section. This view seems to be sanctioned by judicial authority of high standing. For instance, Judge Putnam in *Lowell Manufacturing Co. v. Hogg*⁷ announces the view that the term profits under this section is after all only one form of damage. Then again Judge Ray in *Westinghouse Electric & Mfg. Co. v. Condit Electric Co.*⁸ states that the word damages includes and was intended to include profits, that is, all sums that the complainant was entitled to recover for the infringement alleged and proved. In support of this position Judge Ray cites *Lorain Steel Co. v. New York Switch and Crossing Co.*,⁹ a New Jersey case, in which Judge Cross held the defendant was only entitled to such damages and profits, if any, as might appear to have accrued after the notice was established.¹⁰

On the other hand the recent case of *Churchward International Steel Co. v. Bethlehem Steel Co.*¹¹ holds that Section 4900 relieves infringers without notice from payment of damages, but not from accounting for profits. The language of the court, however, in arriving at such a conclusion is labored and over-technical, and can be justified only by considering the infringer a trustee *ex maleficio*, although so far as concerns damages he is at the same time an innocent infringer. If it be true that the purpose of notification is to prevent the patent from being used as a trap for the innocent and unwary, it is illogical to permit any punishment of a defendant or pecuniary recovery against him without notice whether such punishment or recovery is called damages or is referred to as profits. Surely if it be assumed that the fact an infringer is innocent does not give him the right to use the property of another for profit, by the same token he should not be permitted to injure the property of another without answering in damages. Logical-

⁷ (C. C. A. 1895) 70 Fed. 787.

⁸ (C. C. 1908) 159 Fed. 154.

⁹ (C. C. 1907) 153 Fed. 205.

¹⁰ See also to the same effect, *Allen v. Deacon* (C. C. 1884) 21 Fed. 122; *National Co. v. Belcher* (C. C. 1895) 68 Fed. 665; *Westinghouse Air Brake Co. v. New York Air Brake Co.* (C. C. 1901) 111 Fed. 741.

¹¹ (D. C. 1919) 262 Fed. 438.

ly it would seem that if any duty of notice is imposed upon a plaintiff prior to an action for infringement of a patent, an innocent or ignorant infringer should be protected against any recovery, and not in the same breath be termed a trustee *ex maleficio* if he has made profits, and an innocent person to be guarded by the courts, if he has otherwise damaged the plaintiff.¹²

So far as concerns the Supreme Court of the United States, this phase of the question has never been passed upon and is still an open one. At the present time, the weight of authority is against the holding of the court in the *Churchward* case, above cited, and is in favor of the more liberal interpretation of the statute so as to preserve its spirit and purpose. Therefore, until the matter has definitely come before the Supreme Court, it cannot be regarded as settled, and at the present time the wise and safe practice is to mark or label all patented articles or to give notice.

In any consideration of the statute, the element of knowledge on the part of the defendant of the patent would appear to be important. If, therefore, it be shown that a defendant was fully aware of the plaintiff's patent and his acts thereunder, can the plaintiff justify lack of marking or notice on the ground that the defendant's infringement was wilful and knowingly wrongful and that no notice of infringement was required? The answer to this question is that where the patentee has duly marked under the statute, his right of recovery is complete in case of defendant's infringement whether the defendant knew of the patent or not, but where there has been no such marking, the duty is imposed on the plaintiff prior to the suit not only to notify the defendant of the existence of the patent but also of the fact that the defendant's acts are regarded as infringements thereof.¹³ That is, if a defendant makes and sells on the open market an article which is similar to an unmarked article distributed by a competitor and described in a patent which is owned by such competitor, and which is known to the defendant, the defendant in the absence of notice has the right to assume that such competitor does not regard the acts of the defendant as an infringement of the patent, and therefore does not object; or that the patent may be invalid in view of the prior art and is consequently unenforceable; or that the patentee is willing to dedicate his patent to public use and acquiesces in the defendant's acts.

This brings us to consider whether or not a patentee or the owner of a patent is ever excused from giving notice under the statute. Where

¹² In coming to the conclusion that the word "damages" in Sec. 4900 means technical damages, and does not mean or include profits, the court in this case relies principally upon *Rollman Mfg. Co. v. Universal Hardware Works* (D. C. 1913) 207 Fed. 97, which, while in point, is meagre in discussion and gives no reasons for its conclusion.

¹³ *Westinghouse Electric & Mfg. Co. v. Condit Electric Mfg. Co.* (C. C. 1908) 159 Fed. 154, 156.

there has been no manufacture, use or sale by the owner of a patent and the patent is, as it is called, "unworked", or where the patent is for a process, it is obviously impossible for any marking to take place. The position taken by some of the federal courts is extreme in that they hold that Section 4900 has no application to patents for processes or unworked patents, and is at variance with the plain language of the statute which states it to be the duty of *all patentees and their assigns and legal representatives* to give sufficient notice to the public by marking, or by due notification to the defendant of his infringement. Such courts appear to be misled by the later language of the Section, to the effect that in addition to this duty imposed upon the patentee, his assigns, and legal representatives, it is also made the duty of all other persons *making or vending the patented articles* under such patentee, assigns and legal representatives, to mark such articles or to give notice as a condition precedent to recovery. Obviously so far as such persons are concerned, the duty of marking or of giving notice is plainly limited to persons who have actually made and vended, but to extend such limitation to patentees or owners of the patent would be a plain perversion of the language of the statute.¹⁴

The view that marking or notice is not required in the case of patents for processes or unworked patents appears to be founded upon a mistaken construction of *Dunlap v. Schofield*,¹⁵ where the court states referring to Section 4900:

"The clear meaning of this section is that the patentee or his assignee, if he makes or sells the article patented, cannot recover damages against infringers of the patent, unless he has given notice of his right, either to the whole public, by marking his article 'Patented', or to the particular defendants, by informing them of his patent, and of their infringement of it."

The fallacy of the cases taking this view consists in making the inference from the language of the court in *Dunlap v. Schofield* that if the owner of the patent does not make and sell the article patented, he is not obliged to give notice at all. Thus, the court in *U. S. Mitis Co. v. Carnegie Steel Co.*¹⁶ takes the position that in a case where a patent is within the purview of Section 4900, its provisions apply as against the plaintiff only if he makes or sells the article patented. To the same effect is *Campbell v. Mayor, etc., of the City of New York*.¹⁷ It is submitted, however, that the language of *Dunlap v. Schofield* above cited is not properly susceptible of any such inference as above set

¹⁴ *Churchward International S. Co. v. Bethlehem S. Co.* (D. C. 1919) 262 Fed. 438, 441, where Judge Dickinson holds that the statute applies to all patentees who have not given notice, founding such conclusion upon a review of prior legislation.

¹⁵ (1894) 152 U. S. 244, 247-248, 14 Sup. Ct. 576, 577.

¹⁶ (C. C. 1898) 89 Fed. 206.

¹⁷ (C. C. 1897) 81 Fed. 182.

forth. In this case, which was brought for the infringement of a design patent for rugs, and where it appeared that the plaintiff was actually putting such rugs on the market, it was simply held that it was the duty of the patentee to mark his rugs in accordance with the provisions of Section 4900, or to give proper notice to the defendants of the patent and their infringement; otherwise, the plaintiff was not entitled to recover. The court did not say that if the patentee did not make or sell the article patented he was excused from giving notice under the said Section. To take any such view is to give the language of the Supreme Court a meaning which is unwarranted either by the language of the opinion or its context.

So far as process patents are directly concerned, there appear to be only two cases which have any bearing. These are *U. S. Mitis Co. v. Carnegie Steel Co.*¹⁸ and *U. S. Mitis Co. v. Midvale Steel Co.*,¹⁹ both decided in the U. S. Circuit Courts. The earlier case, as is above stated, relies upon a mistaken view of *Dunlap v. Schofield* and the later case is based entirely upon the earlier case. In neither of these cases is the question gone into to any extent. No reasons are given for the position taken by the court and there is no careful consideration of the situation or any attempt at a justification of the court's position.

Since neither the Supreme Court nor any Circuit Court of Appeals has as yet passed upon the question of notice in the case of process patents, this question is still in abeyance and not finally determined in a court of last resort. The better view, however, appears to be that the owners of process patents are required to give notice under Section 4900 to lay the foundation for damages. In order, therefore, to avoid possible controversy, the careful practitioner should take care to have his clients give such notice as soon as the infringement of the patent is discovered.

Where a bill in equity has been brought for infringement of patent, and the court has acquired jurisdiction by reason of a proper foundation having been set forth for injunction or other equitable relief, the right to recover profits and damages in the same suit is given under Section 4921 of the U. S. Revised Statutes. Since the bringing of the bill and the service of the subpoena is notice to the defendant of the plaintiff's patent and claim of infringement thereunder, it has been held that by such action the duty of the plaintiff to give due notice under Section 4900 is fully complied with in respect to the right of recovery of all profits and damages occurring after the institution of the suit by reason of defendant's continued infringement.²⁰

From the foregoing discussion, the following conclusions are to be

¹⁸ (C. C. 1898) 89 Fed. 206.

¹⁹ (C. C. 1904) 135 Fed. 103.

²⁰ *American Caramel Co. v. Thomas Mills & Brother* (C. C. A. 1907) 162 Fed. 147; *Westinghouse Electric & Mfg. Co. v. Condit Electric Mfg. Co.* (C. C. 1908) 159 Fed. 154.

drawn as general propositions sanctioned by reason and the better authority.

First. The term damages, as used in Section 4900 of the U. S. Revised Statutes, includes in suits in equity for infringement of patent both the profits to be accounted for by the defendant and the damages sustained by the plaintiff.

Second. As a condition precedent for the recovery of damages under Section 4900 of the U. S. Revised Statutes, it is the duty of the owner of a patent either to mark the patented goods in compliance therewith, or to give due notice to the defendant of the infringement, whether such patent be for a process, machine, manufacture or composition of matter, or whether such patent is worked or unworked.

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